

Independent Analysis of Alternatives to the Existing Straits Pipelines

DRAFT SCOPE OF WORK

SCOPE OF WORK

The Scope of Work includes provisions of all necessary personnel, labor, materials, equipment, supplies, engineering and supervision required to complete the Scope of Work that will detail a project that includes an analysis of alternatives to the existing Straits pipelines.

The Project will have four main sections. The first section will correspond to an analysis of an alternative as outlined in recommendation #3, on pages 49-50, of the Michigan Petroleum Pipeline Task Force Report. Section 2 will consist of a risk analysis regarding the proposed alternative. Section 3 will consist of an analysis regarding no action on the existing pipelines. Section 4 will consist of an economic impact analysis related to Sections 1 and 3.

Section 1 – Alternative Analysis

- A. Constructing alternative pipelines that do not cross open waters of the Great Lakes.
- B. Utilizing alternative transportation methods.
 - Oil tankers and barges, tanker trucks, railroad
- C. Replacing the existing pipeline using best available design and technology.

Section 2 – Alternative Risk Analysis

- A. Risk assessment of alternative transportation methods compared to each other and pipeline.
- B. Risk assessment of potential environmental impacts.
 - a. Worst case spill scenario and associated costs.

Section 3 – No Action

- A. Maintaining the status quo, including an analysis of the effective life of the existing pipeline.

Section 4 – Economic Impacts

- A. Economic impact to the local, regional and state economy.
- B. Cost analysis of new pipeline
- C. Complete shutdown of pipeline
- Cost analysis of alternative transportation methods.
- E. Increased cost to consumers of each alternative

SCOPE OF WORK – ITEMS OF DETAIL

Analysis under this Project shall include the following items:

1. Alternative Analysis

- A. Alternative routes shall not cross open waters of the Great Lakes or cross environmentally or culturally sensitive areas. Alternative routes in foreign countries and adjacent states shall be reviewed and considered. Lastly, this analysis shall consider regulatory requirements and timeframes associated with pipeline replacement such as permits, citing, land acquisition and routing.
- B. The following alternative transportation methods shall be reviewed and analyzed. The analysis should review the major advantages and disadvantages, environmental risk assessment, feasibility, cost benefits, safety, logistics and accessibility.
 - i. Oil tankers and barges
 - The analysis shall consider the current fleet of oil tankers and barges and the ability of them to meet the demand of oil transportation if Line 5 were shut down.
 - ii. Tanker trucks
 - The analysis shall consider the increased volume of tanker trucks that would be required to meet the demand of oil transportation if Line 5 were shut down. Impact to transportation infrastructure as result of tanker truck use shall also be reviewed.
 - iii. Rail
 - The analysis shall consider current technology and safety standards associated with rail cars. The analysis should also include the increase of rail cars needed to meet demand of oil transportation if Line 5 were shut down.
- C. Alternative route analysis should also include review of supply and product availability in various geographic regions currently served by Line 5.

2. Alternative Risk Analysis

- A. The analysis shall consider the risk associated with each proposed alternative transportation method. This risk assessment should include a comparison of risk from one transportation method to another.
- B. The risk assessment shall consider environmental impacts, worst case spill scenario, clean-up costs and economic impacts of each alternative transportation method.

3. No Action

- A. The analysis shall consider maintaining the status quo of the current pipelines. This analysis shall include a comprehensive review of the current condition and operation of the existing pipelines. The analysis shall also include the effective life of the existing pipelines as well as the course of action for replacement based on proposed life of existing pipelines.

4. *Economic Impacts*

- A. The analysis shall review the economic impacts of the items listed in Section 1 and 3 in the Scope of Work. Local, regional and state level analysis shall be conducted. All factors of economic growth or decrease shall be evaluated including but not limited to increase/decrease of jobs, tax revenue and impacts to pipeline end users (i.e. oil refineries), increased/decreased cost to consumers if alternate transportation or complete pipeline shut down were to be implemented.